

# The Annual Audit Letter for West Midlands Fire and Rescue Authority

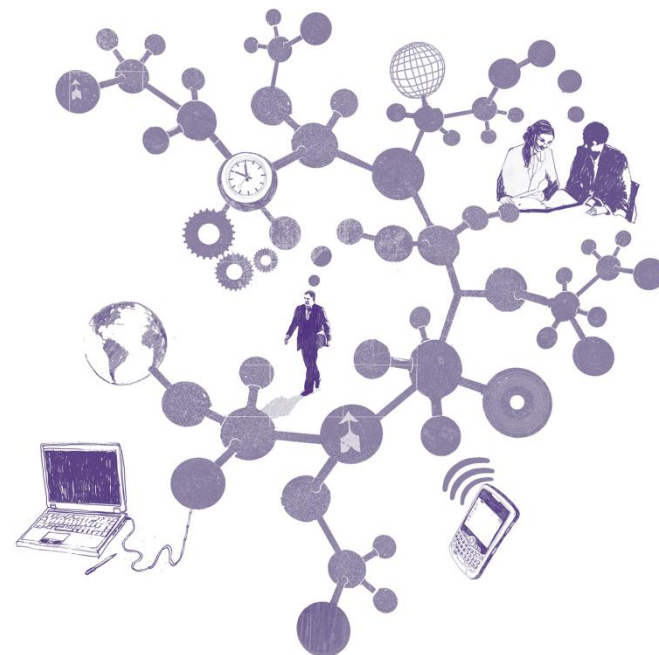
**Year ended 31 March 2013**

**October 2013**

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# Section 1: Executive summary

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# Executive summary

## Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at West Midlands Fire and Rescue Authority ('the Authority') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two);
- assessing the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three).

The Letter is intended to communicate key messages to the Authority and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 16<sup>th</sup> September 2013.

## Responsibilities of the external auditors and the Authority

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

The Authority is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 10<sup>th</sup> June 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

## Audit conclusions

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Authority's financial position as at 31 March 2013 and its income and expenditure for the year;
- an unqualified conclusion in respect of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources;
- an unqualified opinion on the authority's Whole of Government Accounts submission.

## Acknowledgements

This Letter has been agreed with the Director of Resources and will be presented to Audit Committee on 25 November 2013.

We would like record our appreciation for the assistance and co-operation provided to us during our audit by the Authority's staff.

**Grant Thornton UK LLP**  
**October 2013**

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## Section 2: Audit of the accounts

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# Audit of the accounts

## Audit of the accounts

The key findings of our audit of the accounts are summarised below:

### Preparation of the accounts

The Authority presented us with draft accounts on 28<sup>th</sup> June 2013, in accordance with the national deadline. Appropriate working papers were made available from the start of the audit fieldwork, which commenced 8<sup>th</sup> July 2013.

- The accounts were well prepared with few errors. The Authority provided working papers at the start of the audit. Further working papers were produced as required during the audit.
- Finance staff were available throughout the audit to answer our questions and provide additional information as part of our audit work.

### Issues arising from the audit of the accounts

We identified one material adjustment of £5.7 million in respect of an overstatement of the valuation of specialised properties. The adjustment was made to the final audited accounts.

One control issue was raised at the interim visit in relation to recording information when pensions are deferred. This has been addressed going forward with the implementation of additional controls.

## Annual governance statement

We concluded that the Annual Governance Statement and Explanatory Foreword were consistent with our knowledge of the Authority. Our review confirmed that the statement fairly reflects the Authority's risk assurance and governance framework.

## Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance'. We met this requirement by presenting our report to the Full Authority meeting on 16<sup>th</sup> September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Authority's 2012/13 accounts on 27<sup>th</sup> September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Authority's financial position and of the income and expenditure recorded by the Authority.

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## Section 3: Value for Money

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# Value for Money

## Scope of work

The Code describes the Authority's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

**The Authority has proper arrangements in place for securing financial resilience.** The Authority has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

**The Authority has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## Key findings

### Securing financial resilience

We have undertaken a review which considered the Authority's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

Our work highlighted that the Authority remains in a sound financial position at this time, with significant levels of reserves and a track record of delivering financial performance in line with budgets. The savings programme (BUS) has been successful over the past two years, which should enable the Authority to deliver services in line with the planned objectives despite the significant cuts in funding from central government that have recently been announced.

### Challenging economy, efficiency and effectiveness

We have reviewed whether the Authority has prioritised its resources to take account of the tighter constraints it is required to operate within and whether it has achieved cost reductions and improved productivity and efficiencies.

Our work highlighted that the Authority's savings programme (BUS) has been successful over the past two years, and there is a continued focus on efficiencies going forward. The Authority is keen to work in partnership wherever possible and a key project currently being developed is the Joint Control Room with Stoke & Staffordshire Fire & Rescue Authority. This project plans to provide savings for both organisations alongside efficiencies and also strengthened working arrangements.

## Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.



# Appendices

# Appendix A: Reports issued and fees

We confirm below the fee charged for the audit.

## Fees

	Per Audit plan £	Actual fees £
Audit Fee	51,515	51,515
<b>Total fees</b>	<b>51,515</b>	<b>51,515</b>

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Audit Plan	10 <sup>th</sup> June 2013
Audit Findings Report	16 <sup>th</sup> September 2013
Annual Audit Letter	October 2013



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